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2. INDIA: POLITICAL IMPLICATIONS OF BHOPAL DISASTER

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APPROVED FOR RELEASE DATE: JAN 2002

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2. INDIA: POLITICAL IMPLICATIONS OF BHOPAL DISASTER

THE INDIAN PRESS REPORTS THAT MOST PUBLIC CRITICISM OVER THE POISON GAS LEAK IN BHOPAL HAS BEEN DIRECTED AT THE INDIAN MANAGEMENT OF THE UNION CARBIDE SUBSIDIARY AND THE CENTRAL GOVERNMENT IN NEW DELHI FOR INADEQUATE SAFETY PRECAUTIONS AND RELIEF MEASURES. THE MADHYA PRADESH STATE GOVERNMENT HAS FILED A CRIMINAL NEGLIGENCE SUIT AGAINST THE SUBSIDIARY.

COMMENT: WITH INDIAN NATIONAL ELECTIONS JUST OVER TWO WEEKS AWAY. BOTH STATE AND CENTRAL GOVERNMENT POLITICIANS ARE TRYING TO DEFLECT BLAME FROM THEMSELVES TO THE SUBSIDIARY AND TO WRING COMPENSATION FROM ITS PARENT COMPANY. THE CENTRAL GOVERNMENT'S QUICK RELEASE OF THE UNION CARBIDE CHAIRMAN FROM HOUSE ARREST YESTERDAY, HOWEVER, SUGGESTS THAT NEW DELHI BELIEVES STATE OFFICIALS WERE OVERLY EAGER TO SCORE POLITICAL POINTS AGAINST THE COMPANY, PUBLIC OUTCRY ALMOST CERTAINLY WILL FORCE THE NEW GOVERNMENT TO MOVE CAUTIOUSLY IN DEVELOPING FUTURE FOREIGN INVESTMENT AND INDUSTRIAL POLICIES AND RELATIONS WITH MULTINATIONAL--ESPECIALLY US--FIRMS. THE INCIDENT IS NOT LIKELY TO HAVE A MAJOR EFFECT ON THE ELECTION RESULTS.

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